

ECONEWS

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Promoting the Vision of a Sustainable Vancouver Island

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NAILING THE JELLO TO THE DOOR

What do we want? If we can't define what success is and visualize it clearly we'll never achieve it. The Occupy movement will degrade into an argument over the right to camp on public land or a takeover by rogue elements who aim to provoke the police, and this new generation of activists will trade hope for cynicism, saying "We tried, but it didn't work."

How can it be that after so many years, we still don't know what we want? A vague mish-mash of demands about greater equality, taxing the rich, reducing the power of the banks and ending corporate rule does not have the same punch as the Ninety Five Theses that Martin Luther nailed to the door of Wittenberg church on October 31st 1517, launching the Protestant Reformation that overthrew the Catholic Church.

Why is it so difficult? There's a clear reason, but first, let's do some political detective work.

In America, there is clear justification for articulating the Number #1 demand as "Get the money out of politics!". The corruption of American politics by money is legend. So let's say it is successful, and Americans achieve what Canada has already done.

Most Americans have no idea that Canadian political parties are publicly funded based on their share of the vote at the last election, and that no-one, whether billionaire or broom-pusher, can donate more than \$1,000 to a party.

It is due to controls like this that Canada's banking regulators are not controlled by the banks, and that Canada did not experience the sub-prime mortgage scandal that is causing such chaos and tragedy in America.

Canada's tragedy is that Harper's Conservative government is planning to abolish this very constraint, so one of our demands here in Canada must be "Keep the money out of politics!"

In spite of this, Canada suffers from the same kinds of poverty, inequality, and corporate influence. So

what gives? Getting the money out of politics is clearly not enough.

What if we had proportionally elected governments, as they do in Europe? That's another essential demand, but it has done nothing to prevent the reckless financial gambling by the European banks which has contributed to the eurozone debt crisis.



What if there was a Robin Hood Tax? A tiny tax of 0.05% on stocks, bonds, foreign currency and derivatives transactions could raise \$400 billion a year globally to fight poverty and tackle climate change. It's another essential demand that should be high on the agenda at the G20 summit, but it won't address the fundamental problems.

What if there were tighter regulations on the banks to prevent speculative investments? In America, the 1932 Glass-Steagall Act separated commercial from investment banking, but it was repealed in 1999 after heavy lobbying by Wall Street. It's another essential demand, but it still won't address the core of the problem.

So what is the core of the dysfunction that is plaguing the world? A new analysis by complex systems theorists at the Swiss Federal Institute of Technology of the relationships

between 43,000 transnational corporations has identified a core of 1318 interlocking companies which control 80% of the world's global operating revenues. Within these, 147 tightly knit companies (1% of the core) control 40% of the wealth. Most are financial institutions such as Barclays Bank, JP Morgan Chase and Goldman Sachs, but the top ten also includes companies that almost nobody has heard of such as FMR, AXA and Capital Group Companies. (See *New Scientist*, www.bit.ly/onkFR2)

Furthermore, most or all of these companies operate with off-shore tax havens where they hide their wealth and avoid paying taxes. They are like Jello - if you try to pin them down, they simply move their money somewhere else, managed by anonymous trusts that no-one has the power to investigate or control. Collectively, they are a three-foot wide lump of Jello, and our regulatory powers are a single thumb.

So what could crack the core of the problem and nail the Jello to the door? We need to capture the flight capital and close down the world's tax havens, aided by a Tax Evasion Complicity Law which would make it a criminal offense to knowingly serve as a fund manager, accountant, trustee, lawyer or corporate nominee for a known tax evader.

There's a whole bunch of other changes that are needed to transform our money-drunk model of deregulated capitalism into a people-friendly, nature-friendly, sustainable model.

This is a global crisis that affects us all, from Cairo to Vancouver. We can't expect to sort it out locally. Changes such as these need global agreement, driven by public determination that the politicians won't buckle and bend to the will of the Wall Street lobbyists.

We must unite around a clear set of demands which we can nail to our doors and Facebook walls wherever we go, building the pressure that will eventually force our leaders to act.

- Guy Dauncey